

APPLICATION GUIDELINES FOR IAP



TAKE THE CHALLENGE, MAKE THE CHANGE!





Introduction

Innovations Against Poverty (IAP) is a specialized fund with the specific mandate to identify and support innovative products, services and inclusive business models that deliver both commercial benefits for the private sector and developmental benefits for people living in poverty, while paying specific attention to gender equality and climate protection. Developmental benefits include creating jobs, increasing incomes or cost savings, improving access to basic goods and services, and protecting the environment. IAP is funded by Sida (Swedish International Development Cooperation Agency) and managed by SNV Netherlands Development Organisation in partnership with BoP Innovation Center and Inclusive Business Sweden.

IAP challenges the private sector to develop innovative products, services and business models that can contribute to poverty alleviation and environmental sustainability, while successfully maximizing their competitiveness and profitability. These are defined as innovative Inclusive Business ideas.

Innovation in technology and business practices are critical for creating innovative business models. IAP aims to stimulate the development of these type of initiatives, which otherwise would not have taken place within the private sector due to perceived initial commercial, technical and financial risks or uncertain market opportunities, and to accelerate the go-to-market process.

The call is designed for companies that have been operational for at least two years (with a local partner in case of foreign companies) in Cambodia, Ethiopia, Uganda or Zambia and are active in the following sectors: agriculture & food, energy, or water, sanitation and hygiene (WaSH). All ICT based innovations should be applied to one of the three main sectors (it is not a stand-alone focal sector).

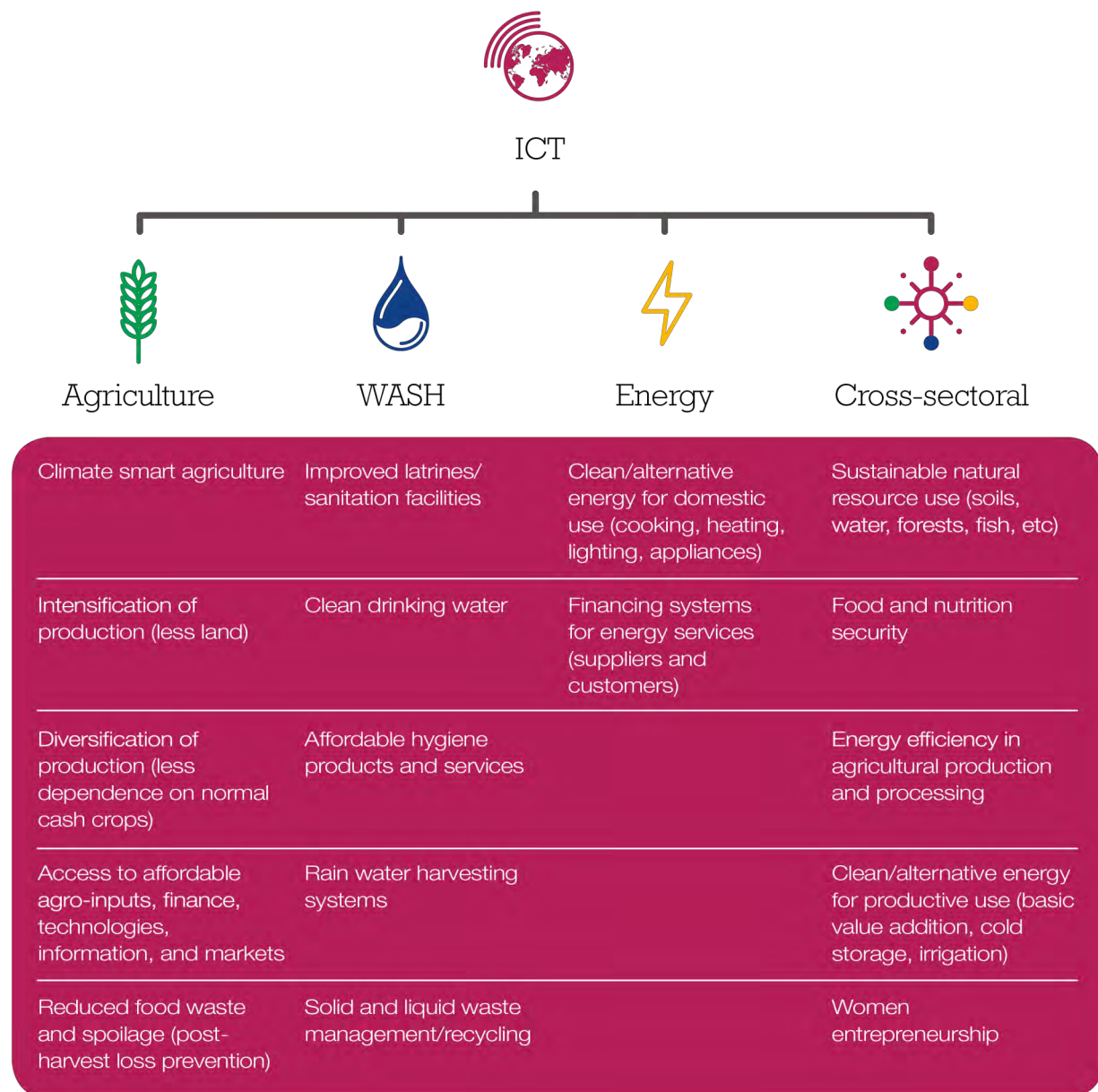
Low-income people (LIP): people living on equal or less than USD 8 PPP per capita per day. PPP stands for Purchasing Power Parity.

Inclusive business (IB): a strategic, innovative and commercially viable core business initiative which unlocks entrepreneurial opportunities for low income people to be engaged in the value chain as suppliers, employees, distributors, consumers or innovators.

Innovation: either (a) product innovation (features, functionalities and performances of product or service offerings) or (b) process innovation (the way that products or services are made or delivered). Innovations can either be entirely novel, or pre-existing but new to the context in question.

Tackle development challenges

Applicants are invited to propose innovative solutions to pressing development challenges that will benefit low-income people and the environment. The proposed inclusive business ideas should ideally be aligned to any of the themes listed in the table below, but Applicants are free to propose solutions to other pertinent development challenges within the three focus sectors not mentioned in the table.



Cambodia



Ethiopia



Uganda



Zambia

Get financial and non-financial support

IAP will provide grants as a co-investment for up to a maximum of 49% of the total required investment for the proposed inclusive business idea to selected projects through competitive open calls. IAP will provide funding within the following range:

From € 50 000 up to € 200 000

This amount reflects IAP's contribution only, so the total size of the project should be greater. IAP's investment size will depend on the level of innovation, commercial viability, and social impact potential of the selected projects.

What does IAP offer to selected Applicants?

Inclusive Businesses, with a mission to include low-income people in their value chain as customers, suppliers, distributors, or employees – who lack access to the financial and knowledge resources required for growth, IAP offers grants as co-investment up to 49% of total investment and tailored advisory support to scale.

In addition to financial support, companies are offered tailor-made advisory services in developing and rolling out their inclusive business ideas. This support is provided by local and international experts and the IAP team.

IAP's non-financial support package:

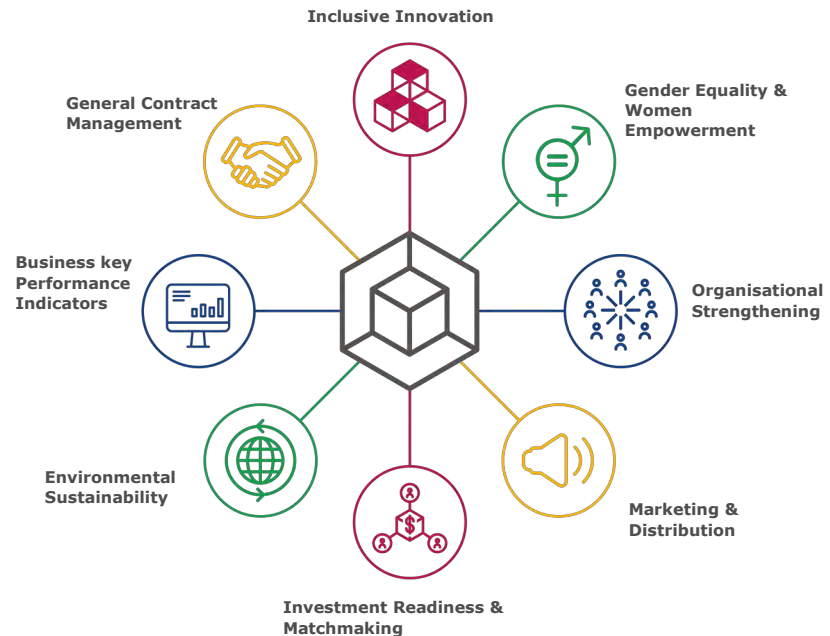
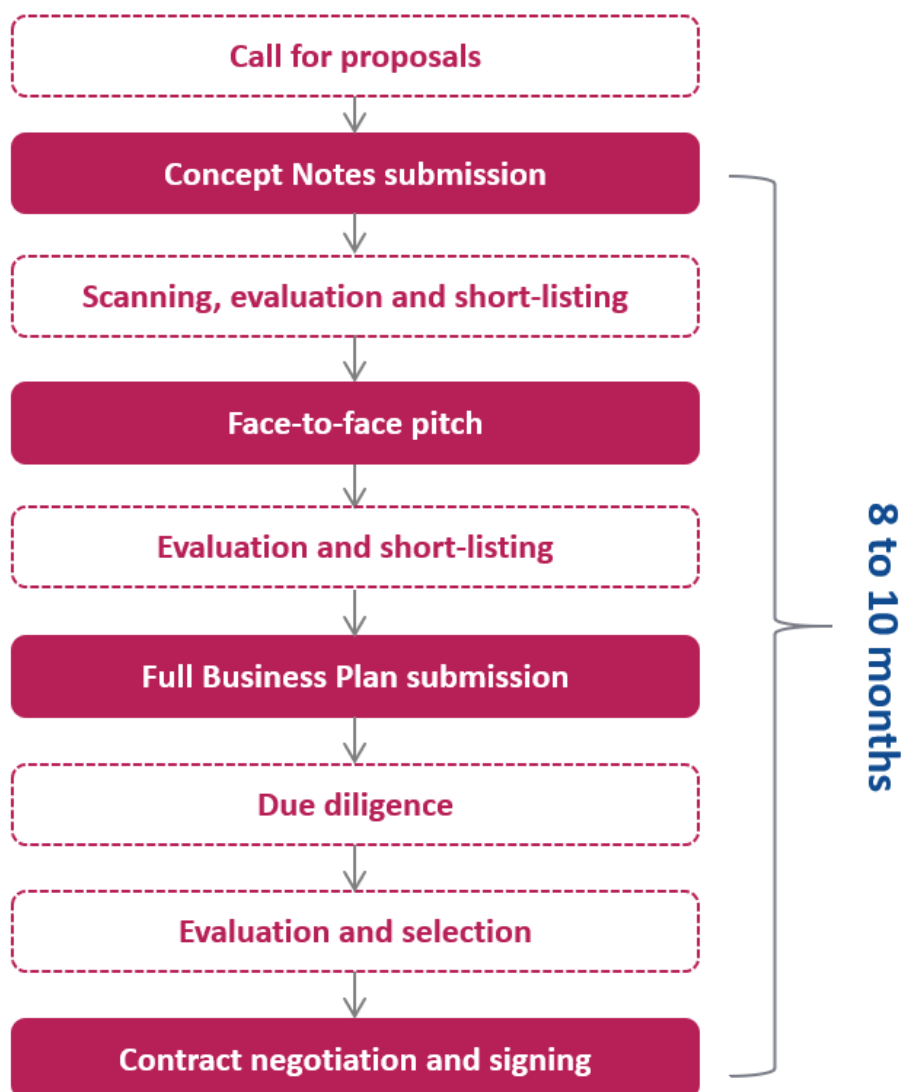


Photo taken by: Samuel Sommer

Application process



Timeline

IAP has set forth the following stages and timeline for the round of call for proposals in 2020:

	ACTIVITY	TIMELINE	REMARKS
CONCEPT NOTE SUBMISSION	Concept note submission by Applicants	Anytime from March 31, until May 15, 2020	The concept note will be evaluated by the IAP team.
	Concept note evaluation and selection process	Continuously from May to June 2020	Shortlisted Candidates will be invited to make a face-to-face pitching.
FACE-TO-FACE PITCHING	Applicants pitch their inclusive business idea for max. 20 minutes, with a 40 minute Q&A	July 2020	Shortlisted Candidates will be invited to develop and submit a full business plan.
FULL BUSINESS PLAN SUBMISSION	Training on full inclusive business plan development	Continuously from August to September 2020	The full business plans will be evaluated by the IAP team, and shortlisted Candidates will be subject to due diligence.
	Full business plan submission by companies	Between August and September 2020	
	Full business plan evaluation and selection	October 2020	
DUE DILIGENCE	Due diligence exercises carried out for all shortlisted full business plans	November 2020	The IAP team will conduct the due diligence exercises with inputs from external experts where necessary.
FINAL SELECTION OF INCLUSIVE BUSINESS IDEAS	Objective review of shortlisted Full Business Plans and due diligence reports, and final selection of winning proposals	December 2020	This review and final decision will be carried out by a panel consisting of external experts
CONTRACT NEGOTIATION AND SIGNING	Successful Applicants are invited to sign the grant contract.	January 2021	Milestones related to disbursements and IAP support will be agreed upon.
IMPLEMENTATION	Baseline survey and analysis	The first three months from contract signing date	A baseline will be developed to define the situation at the start of the project.
	Project execution	2 years from contract signing date	Different timelines and milestones are defined for each IAP project.

Consider selection criteria

Each submitted concept note will be reviewed to ensure that it complies with the minimum eligibility criteria listed in the table below. All eligible Applicants are then evaluated against the concept note assessment criteria. Based on this first stage assessment, a short-list of approved Applicants will be finalized. These applications will be invited to do a face-to-face pitch to the IAP-team in-country. If successful, the Applicant will be invited to submit a full business plan, to be assessed in detail.

a. ELIGIBILITY CRITERIA

Applicants should fully meet all the following criteria to be eligible for assessment:

Am I eligible for IAP?	Yes	No
My business idea will be inclusive of low-income people* (LIP) either as producers, suppliers, employees, distributors, sales agents and/or consumers for mutual benefits.		
My business idea is relevant to at least one of the three focus sectors of IAP and at least to one of the four target countries.**		
My business idea brings a clear product, process or business model innovation.		
My company or partner(s) related to the proposed business idea are not involved in the arms, tobacco, alcohol and gambling industries; registered in so called tax-havens; involved in environmental or human rights abuses or corruption; or have not been an EU beneficiary of € 200,000 or more in the last three years.***		
My application is submitted and led by a private company, registered in one of the four target countries, which secures a co-investment $\geq 51\%$, of which part of it should directly benefit the LIP.		
My company has been operational for at least 2 years.		

* Low-income people (LIP): those living in urban or rural areas on USD 8 or less per capita per day; equivalent to USD 2,920 per capita per year.

** Focus sectors: Agriculture and food, energy, and water, sanitation and hygiene (WASH). Business ideas from the ICT sector that create impact in one of IAP's three focus sectors are also eligible to apply. Target countries: Cambodia, Ethiopia, Uganda, and Zambia.

*** According to EU regulations, a company in the EU may receive a maximum of €200,000 in public funding from European authorities during a three-year period. Sida as the donor of IAP applies the same rule to companies which are not based in the EU.

b. ASSESSMENT CRITERIA

A set of assessment criteria will be used to evaluate the Concept Note (CN) and full business plan (FBP), including:

- **Company's Profile (CN, FBP):** financial health, team capacity, company's track record over the past 3 years: relevant experience related to proposed inclusive business idea, including impact results achieved;
- **Project viability (CN, FBP):** feasibility, desirability and viability in terms of market, commercial, financial and technical;
- **Innovation (CN, FBP):** Inclusive Business models must have innovation as a key factor to deliver the expected commercial, social and environmental impact. Innovation can be:
 - Product Innovation: features, functionalities and performances of products/service offerings
 - Process Innovation: the way the products are made or delivered, e.g. manufacturing, distribution, and support of products and services;
- **Social impact (CN, FBP):** The approach, scale, type and risk of social impact for low income beneficiaries towards economic empowerment and inclusion;
- **Gender integration (CN, FBP):** Approach towards gender equality and women empowerment;
- **Environmental sustainability (CN, FBP):** Approach towards environmental integration and risk mitigation towards sustainability;
- **Sustainability and scaling (FBP):** sustainability approach and vision regarding scaling-up that will benefit others in the wider community;



- **Cost effectiveness (CN, FBP):** Co-investment of at least 51% for the inclusive business idea is provided by the company and, if applicable, its partner(s). Greater cash contribution will be positively evaluated;
- **Additionality (CN, FBP):** IAP funding should not replace other existing commercial funding alternatives for implementing the proposed Inclusive Business idea;
- **Risk analysis and mitigation (FBP):** the ability to identify and mitigate risk related to political, legal, social security, partnerships, amongst others.

All eligible Applicants will be evaluated against the basic assessment criteria, listed above. Shortlisted Applicants will subsequently be invited to do a face-to-face pitch and if successful, they will proceed to submit a full business plan. The full business plan will be evaluated against the full list of assessment criteria listed above, which includes in addition to the basic assessment criteria: sustainability and scaling, and risk analysis and mitigation.

Meet financial requirements

For the financing of the Inclusive Business idea, it is expected that the financing will be secured by both parties, as described in the scheme below:

FINANCING	
Private company	IAP
≥ 51%*	≤ 49%

* The co-investment from the Applicant company can consist of cash and in-kind contributions. The cash contribution should be at least 30% of the company's total co-investment. Higher cash contributions will be positively evaluated.

The following requirements apply to the Applicant's in-kind contributions:

- The in-kind contribution must be specifically and directly related to the implementation of the project.
- The value of the in-kind contribution must be tangible and verifiable, based on supporting evidence such as contracts, invoices and others.
- The in-kind contribution could have been procured, built in previous years, but not more than 24 months prior to the signing of the IAP funding contract.
- Not sourced from other development initiatives/facilities/programmes (including EU).

The following items are eligible for the IAP financial support:

- Capital expenditure: physical assets such as equipment, tools, facilities, transportation related to IB project.
- Direct investment in IAP: such as inputs, tools, equipment, loans, construction, training for farmers, amongst others.
- Project operational expenses: transport and travel expenses, administration and recurrent operational costs, salaries for project staff, investment readiness support (market studies), leasing of equipment, land, and facilities.
- Training and consulting: researching, and consulting related to the IB project for the company and its internal staff.

The following requirements apply to the Applicants' co-investment of certain items:

- Purchasing and leasing land, equipment, and facilities cannot exceed 50% using IAP funds.
- Physical infrastructure/machinery (CAPEX) cannot exceed 50% using IAP funds.

During due diligence, IAP will check availability of sufficient cash/liquidity in case the Applicant intends to use IAP funds for CAPEX. The Applicant should provide audited books of accounts for the last six months and/or bank statements.

Finally, the following items are non-eligible for the IAP financial support:

- Bank charges, cost of guarantees and similar charges.
- Costs of proposal development and related feasibility studies undertaken prior to proposal submission.
- Value of existing inventory used for the production of the project goods and/ or services.
- Value and registration costs of intellectual property rights.

Apply today!

If, after reading the above information, you think your business idea fits the Innovations Against Poverty programme and you are interested to apply for IAP financial and non-financial support, we encourage you to submit your innovative Inclusive Business idea!

To apply, follow the steps below:

1

The application process runs through www.innovationsagainstpoverity.org. Go to the tab "how to apply" and you will be directed to our online application centre.

2

Start the process by registering yourself at the online centre. By registering yourself, your draft application will be automatically saved in order to finalize your application at a time that suits you best.

3

Fill out the concept note application form and follow the instructions through to submission. If you are short-listed, you will be invited to do a face-to-face pitch.

Transparency

IAP secures a transparent evaluation and selection process by working with a multi-player independent appraisal process, so that no-single person can influence the process and/or the final outcome in any way. The selection process steps and assessment criteria are well-defined and shared with all parties. In order to guarantee fairness and best results, all companies in the application process will have equal access to information. IAP management will not enter into any individual communications during the call. Any inquiries should be posted on the online application centre through our chat functions which is open for all, or by reading the FAQ. Final selection of awarded companies will be done by an independent panel of experts.

IAP will open call for proposals on March 31, 2020. The call will be open for six weeks for concept note submission. Upon closing the call on May 15, 2020, no further applications will be accepted.

For more information and application, please visit
www.innovationsagainstpoverity.org
or contact us at
support@innovationsagainstpoverity.org



@InnovationsIAP



/innovationsIAP

